

Service Date: June 27, 1979

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the Application of)	Docket No. 6668
Consumers Gas Company for authority)	
to increase rates for natural gas.)	Stipulated Final Order No. 4526

APPEARANCES

FOR THE APPLICANT:

Richard F. Gallagher, Attorney at Law, P.O. Box 1645, Great Falls,
Montana 59403

FOR THE COMMISSION:

Eileen E. Shore, Attorney at Law
James P. Dwyer, Rate Analyst

BEFORE:

GORDON E. BOLLINGER, Chairman & Hearing Examiner

Application and Proceedings

1. On April 12, 1979 the Consumers Gas Company (Applicant) filed a petition with the Montana Public Service Commission pursuant to jurisdiction granted by Section 69-3-101 et seq., MCA (Section 70-101 et seq., R.C.M. 1947) for an order authorizing Applicant to increase its rates for natural gas service. The increased revenues are necessary to meet current operational expenses and provide revenue to make needed repairs.

2. The Applicant also requested interim rate relief at this time. The Commission deferred action on this matter of interim rate relief until the hearing had been completed.

3. On April 27, 1979 the Applicant filed corrections and additions to the initial application and testimony.

4. A Notice of Public Hearing was published on May 4, 1979. The notice was published in the May 9, 1979 edition of the Great Falls Tribune and the May 11, 1979 edition of the Shelby Times.

5. A public hearing on this matter was held in the Hospitality Room Marias River Electric Co-op in Shelby, Montana 59474, at 11:00 A.M., Thursday, June 9, 1979.

The Commission having taken evidence and being fully advised in the premises makes the following Findings of Fact, Conclusion of Law and Order.

FINDINGS OF FACT

1. The Applicant presented one witness, Gregory B. Holt, Vice President and Administrative Officer, Consumers Gas Company, 411 Northwest Bank Building, Great Falls, Montana. Mr. Holt sponsored Exhibits 1-15.

2. The Applicant alleged in Exhibit 7 and 7A that actual net income for the year 1978 was \$2,861 when the normalization calculation from Exhibit 5 is applied to actual 1978 calculations the net income becomes a loss of \$357. The Commission accepts the calculations in Exhibits 5 and 7 (1978 Actual and 1978 Normalized for Weather) as a true and accurate reflection of the Applicants 1978 operations.

3. At the beginning of the hearing the Applicant introduced Exhibit 14 which is a profit and loss statement for the period ending March 31, 1979. This exhibit indicates that Applicant has instituted the known and measurable changes (Adjustment After Norm. Exh. #7) from Exhibit 7 and 7A.

5. By using the financial Exhibits 7, 7A, and 8 and disallowing certain items for ratemaking purposes the following test year is developed.

Test Year

Gas Sales MCF		88,465 MCF
Operating Revenues:		
Gas Sales		267,397
Operating Expenses:		
Gas Purchases		222,567
Other		18,379
General Expenses	(a)	15,567
Depreciation		610
Taxes		
Federal Income		878
State Income		348
Other Than Income	(b)	3,170
Other Deductions:		
Interest Expense		150
Uncollectable Accounts	(c)	566
Total Operating Expense		<u>262,235</u>
Net Income		5,162

Adjustments

- (a) Advertising expense of \$531 is disallowed for rate making purposes.
- (b) Other Taxes as calculated from Exhibit 7 1978 Pro-forma as adjusted column.
- (c) ncollectable accounts allowed only at 1978 level. No evidence was presented which would indicate a certain known and measurable charge.

6. In the absence of a Cost of Service Study and or Rate Structure Testimony the Commission advances the following:

Customers	350
Months per year	12
Customer months	4,200
Flat Rate	X \$4
Annual Flat Rate	\$ 16,800
Revenue Requirement	267,397
Annual Flat Rate (1st Block)	16,800
	\$250,597
MCF Purchases	88,465 MCF
MCF 1st Block	- 4,200 MCF
	84,265 MCF

Remaining Flat Rate:

$$\frac{\$250,597}{84,265 \text{ MCF}} = 2.97 \text{ per MCF}$$

CONCLUSIONS OF LAW

1. Consumer's Gas Company is a public utility furnishing natural gas service to consumers in Montana.
2. This Commission has jurisdiction over the rates and conditions under which utility service is rendered in Montana.
3. The rate increase granted by this order is necessary to meet the utility's reasonable expenses and to make needed repairs in order to insure adequate service to consumers.
4. The rates authorized by the Commission are just, reasonable and not unjustly discriminatory.
5. Advertising expenses, such as those incurred by Applicant may not be considered in establishing the rates of a public utility, 69-3-307 MCA.

ORDER

1. The Consumers Gas Company shall file rate schedules per the following:

First IMCI or less per month	\$4.00
All CMF thereafter	2.97

Minimum Bill: \$4.00

2. The filed tariff shall be effective for all natural gas sales rendered on and after July 1, 1979.

Done In Open Session at a meeting of the Montana Public Service Commission on June 25, 1979 by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

John B. Hargis

Clyde J. Davis

James R. Shea

Thomas J. Schriber

ATTEST:

Madeline L. Cottrill
Madeline L. Cottrill
Secretary

(SEAL)

NOTE: You are entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.